

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JEFFERIES & COMPANY, INC.,

Plaintiff,

-against-

Case No. 1:11-CV-7938 (KBF)

PADDOCK HOLDINGS, INC., formerly
known as PADDOCK LABORATORIES,
INC.,

DEFENDANT'S RULE 68
OFFER OF JUDGMENT

Defendant.

TO: Plaintiff Jefferies & Company, Inc., and its counsel, Scott S. Balber, Esq. and Michael A. Samalin, Esq., CHADBOURNE & PARKE, LLP, 30 Rockefeller Plaza, New York, New York, 10112.

PLEASE TAKE NOTICE that pursuant to Rule 68 of the Federal Rules of Civil Procedure, Defendant Paddock Holdings, Inc. ("Paddock") makes the following Offer of Judgment of the above-captioned matter (the "Action").

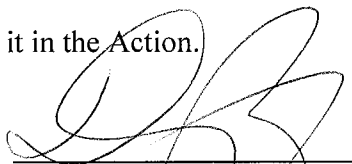
Upon Jefferies & Company, Inc.'s ("Jefferies") acceptance of this Offer and the Court's dismissal of the Action with prejudice on the merits, Paddock will pay Jefferies the amount of Two Hundred Twenty Thousand and No/100 Dollars (\$220,000.00), inclusive of all of Jefferies' costs and disbursements, but exclusive of attorneys' fees, accrued in connection with and solely for purposes of the Action to and through the date of service of this Offer of Judgment. Acceptance of this Offer shall result in Jefferies waiving any claim to attorneys' fees it may seek to make in the Action.

This Offer of Judgment is not to be construed as an admission that Paddock is liable in the Action or that Jefferies has suffered or will suffer any damages.

Acceptance of this Offer of Judgment must be made by service of written notice of acceptance upon David R. Crosby, Esq., Leonard, Street and Deinard, 150 South Fifth Street, Suite 2300, Minneapolis, Minnesota, within fourteen (14) days after service of this Offer of Judgment. Such written notice must accept the offer as stated, without qualification or variation. If this Offer of Judgment is not accepted within fourteen (14) days after service, it shall be deemed withdrawn.

By making this Offer of Judgment, Paddock does not waive (and expressly preserves) any and all claims and defenses available to it in the Action.

Dated: March 14, 2012



Douglas R. Rosenzweig
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and

David R. Crosby (MN #237693)
LEONARD, STREET AND DEINARD
Professional Association
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402
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ATTORNEYS FOR DEFENDANT